

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1157 - HB 1388

February 27, 2009

SUMMARY OF BILL: Authorizes local education agencies (LEAs) to keep a Class C school bus in service up to 20 years, provided that a semi-annual safety inspection is completed. Currently, a Class C bus may be kept in service up to 15 years with semi-annual inspections and an annual waiver after 12 years of service.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Not Significant

**Decrease Local Expenditures – Net Impact - Exceeds
\$1,000,000/Permissive Over Time**

Other Fiscal Impact – If transportation costs decrease as a result of LEAs choosing not to purchase new or used school buses, the BEP formula will generate less funding over time, thus decreasing state BEP and local BEP match expenditures.

Assumptions:

- Bill will only affect the number of inspections done to Class C buses (up to 66 passengers). Class D buses will not be affected. Currently, Class D buses are inspected once annually for the life of their service while Class C buses are inspected once annually until their 12th year of service, after which Class C buses are inspected semi-annually.
- According to the Department of Education, 106 Class C buses are currently at the maximum 15th year of service. If all 106 buses are kept in service for the 2009-10 school year, approximately 1 bus per LEA will be kept in service instead of being retired (106/136 LEAs = 0.8).
- If a bus reaches the 15th year of service, the LEA has three options. The LEA may choose to perform repairs and keep the bus in service longer. The LEA may buy a new bus or the LEA may retire the current bus and buy a used one. It is unknown which option LEAs will perform.

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- A new Class C bus costs approximately \$60,000. It is unknown what the average cost for a used Class C bus is since the cost is dependent upon the age and condition of the bus.
- It is unknown what the average maintenance cost for buses reaching the 12th year of service and beyond is, however it is estimated that the cost to purchase a new or used bus is more expensive than the cost of repairs for continued service.
- It is estimated that there will be a net decrease in local expenditures exceeding \$1,000,000 as a result of LEAs keeping buses in service longer rather than buying a new or used bus. Any change in LEA expenditures will be permissive.
- The Department of Safety (DOS) performs all school bus inspections.
- Any increase in state expenditures to perform additional inspections is estimated to be not significant. Dependent upon multiple unknown factors, the DOS may require additional inspection personnel, however it is not anticipated that the DOS will need such personnel in FY09-10.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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